



Task Force on University of Wyoming Housing: Bonding Capacity and Financing Options

Financial Affairs

June 19, 2018



Current Total Debt Outstanding

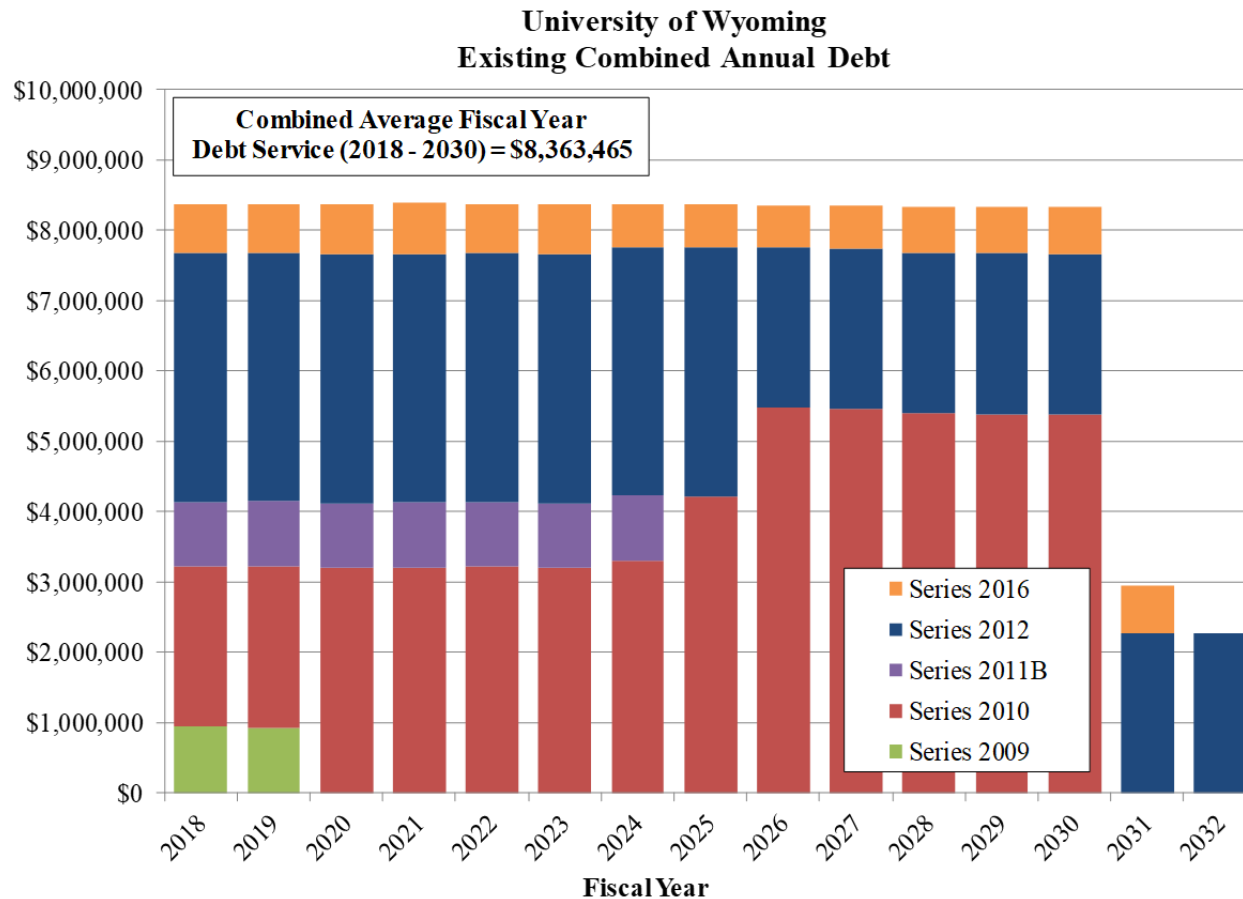
As of June 30, 2017, the University of Wyoming currently has \$87.2 million of debt outstanding.

<u>Issue</u>	<u>Balance 06/30/17</u>	<u>Notes</u>
Series 2009	\$1,775,000	Refinance Series 1999 -Spanish Walk Apts., Refinance 1991 bonds (Hazardous Waste Facility, Student Apts., deferred maintenance), Wyoming Union and Bookstore renovation Final payment 6/1/19
Series 2010	39,575,000	Visual Arts Building/Downey Hall/Refinance Series 2001 (Washakie Center addition & renovation, Wyoming Union renovation) Final payment 6/1/30
Series 2011	5,635,000	Refinance Series 2004 (Health Sciences partial renovation, McIntyre & Orr Residence Halls renovation) Final payment 6/1/24
Series 2012	33,030,000	Performing Arts/White Hall/Half Acre Gym/Refinance Series 2005 (Archeology & Anthropology Resources Facility) Final payment 6/1/32
Series 2016	7,185,000	Refinance Series 2011A (UW/CC joint facility)Final payment 6/1/31
Totals	<u>\$ 87,200,000</u>	



Overview of Outstanding Debt

UW's current debt portfolio is structured in such a way that as bond series are paid off, the annual debt service amount (principle + interest) remains constant at approximately \$8.4 million per year through 2030.





FY2017 Sources of Net Pledged Revenue to Cover Debt

Per the bond issuance agreements, UW is required to have a full bond audit performed each year by an independent audit firm. Below is the net pledged revenue from each source of funds UW has pledged to support its annual debt service.

	\$'s in Millions	%
Auxiliary Net Pledged Revenue:		
Dining Services	\$2.05	9.13%
Half Acre Student Fees	\$ -.04	-0.18%
Residence Life	\$2.58	11.50%
Sales and Fees	\$1.79	7.98%
University Bookstore	\$0.26	1.16%
Telecommunications	\$0.19	0.85%
Wyoming Student Union	\$0.17	0.76%
Non-Auxiliary Net Pledged Revenue:		
Federal Mineral Royalties*	\$13.37	59.58%
Investment Income	\$1.17	5.21%
Indirect Cost Recovery (Section I Support)	\$0.90	4.01%
Annual Net Pledged Revenue FY 2017	\$22.44	100.00%
* FMRs amount of \$13.37M is committed to Debt Service (\$4.86M), Maintenance and Operation of Physical Plant (\$8.51M).		



Debt Service Coverage

For FY2017, the University's net pledged revenue was enough to cover its annual debt service 2.69 times.

- Net Pledged Revenue \$ 22.44 M
- Maximum Annual Debt Service \$ 8.33 M
- Debt Service Coverage 2.69 X*

* Fiscal Year 2017



Clarity on the 2.5x Coverage Ratio Requirement

UW contacted its bond legal counsel at Kutak Rock, regarding the 2.5x debt service coverage ratio the University has historically maintained and below is the response.

The University at the time of application was required to have at least a 2.5 to 1 coverage ratio. From a legal perspective, that was a requirement for the application for the supplemental coverage program and does not indicate a continuing coverage requirement. In fact, in the Resolution related to the terms and conditions of the bonds, it sets out the actual coverage requirement for additional bonds at 130%. There wasn't any discussion that I am aware of at that time of some sort of continuing coverage requirement at 2.5 to 1.



UW's Current Ratings

Standard & Poor's AA- Stable rating reflects the following:

- Strong demonstrated history of state support
- Only 4-year institution in the state
- Positive financial operations
- Very low debt burden and good capital support from the state
- Strong coverage ratios
- Adequate financial resources

Moody's Aa2 Stable rating reflects the following:

- Dominant market position and key driver of economic development as the sole four-year public education provider in the state
- Extraordinary state support
- History of positive operating performance
- Overall good financial resources

We have assessed the university's enterprise profile as strong, characterized by its position as the state's only four-year public institution, as well as steady student demand and relatively stable enrollment. We assessed UW's financial profile as very strong, with solid historical state support and history of positive financial operations on a full-accrual basis (though both fiscal 2017 state support and operating performance was weaker), with a low debt burden and robust cash and investments. Combined, we believe these credit factors lead to an indicative stand-alone credit profile of 'a+'. In our opinion, given the university's overwhelming cash and investments compared to debt, the 'AA-' rating better reflects UW's credit characteristics compared with medians and peers.



Estimated Annual Debt Service

Estimated Annual Debt Service Assuming an Interest Rate of 3.25%

